

SUBMISSION

Independent review of the Climate Change (State Action) Act 2008

CCAA is the peak body for the heavy construction materials industry in Australia. Our members operate cement manufacturing and distribution facilities, concrete batching plants, hard rock quarries and sand and gravel extraction operations throughout the nation.

CCAA membership consists of the majority of material producers and suppliers, and ranges from large global companies to SMEs and family operated businesses. It generates approximately \$15 billion in annual revenues and employs approximately 30,000 Australians directly and a further 80,000 indirectly. We represent our members' interests through advocacy to government and the wider community; assistance to building and construction industry professionals; development of market applications; and a source of technical and reference information.

The COVID-19 pandemic has significantly disrupted Tasmania's economy. The construction sector, supported by an efficient and sustainable heavy construction materials supply chain, provides the engine for Tasmania's economic and social recovery. Cement, concrete, stone and sand are the critical building blocks for Tasmania's vital construction industry, employing 19,500 workers and contributing 57.4% of Tasmania's taxation revenue base.

The heavy construction materials supply sector in Tasmania is largely local and acknowledges its role in mitigating climate change impacts while reducing emissions, provided that viable decarbonisation pathways are identified and incentivised and legislation is equitable and advantageous and does not provide unnecessary regulatory impediment.

CCAA calls on the Tasmanian government to provide leadership in seeking alignment between all State and Federal Government approaches to climate change policy to avoid one jurisdiction unreasonably subsidising another and causing significant economic and financial distress.

CCAA understands that;

- the primary objectives of the current *Climate Change (State Action) Act 2008* (the Act) are to set and support action to achieve a target for greenhouse gas (GHG) emissions reduction. That target was to reduce the state's greenhouse gas emissions to 60% below 1990 levels by 31 December 2050.
- the Act includes provisions for regulation, measurement and reporting of emissions.
- Tasmania is one of four Australian jurisdictions (with South Australia, Victoria and ACT) with specific legislation to promote action: on the abatement of greenhouse gas emissions (mitigation); and to reduce the impacts of actual or projected climate change (adaptation).
- Tasmania has maintained Net-Zero-Emissions (NZE) since 2015 s primarily because of Tasmania's large forest estate (which absorbs a significant amount of carbon dioxide from the atmosphere each year), and because the state generates a high proportion of zero emissions renewable electricity.

CCAA welcomes the opportunity to respond to the questions raised in the discussion paper as follows:

The Climate Change Act & State Government response to climate change

1. To what extent should climate change considerations (e.g. greenhouse gas emissions, climate change impacts, climate resilience) influence policies and decisions by State government agencies and government business enterprises?

To be effective in responding to climate change, government policies and decisions must give balanced and equitable consideration to climate change mitigation and abatement.

Policies must be grounded in all three pillars of sustainability (economic, social and environmental) if the community and businesses are to be able to support and respond effectively without adverse impacts.

Climate change considerations should not outweigh others but rather support and enable transition and decarbonisation through incentives and innovation. Government should seek opportunities to engage with new technologies which may reduce greenhouse gas emissions while also supporting the local supply industries.

2. How important is it to you that the Tasmanian government systematically assess and disclose the main risks associated with projected climate change?

The Tasmanian government has a critical role to play in providing visibility and evidence based data on climate change risks in a consistent and timely way. Predictions about climate change threats should be reviewed, updated and communicated to enable business to better respond with the appropriate investment and development planning.

3. How might the Act provide you with confidence that successive State governments will continue to act to contain/reduce Tasmania's emissions and build climate resilience?

The Act is central to ensuring sound evidence-based policy is developed by successive governments that encourages innovation across industries well beyond a term of government. Climate change risks and mitigation and adaptation strategies are dynamic and require consistent policy responses from government over extended time frames. Constant political interference is likely to significantly undermine any sustained investment by industry and delivers no certainty to the construction materials supply change to decarbonise.

For the heavy construction materials industry in Tasmania, the Act must transcend short-term political interests and support local suppliers to contain or reduce Tasmania's emissions and build climate resilience by reducing the State's reliance on imported products and services. Mainland and overseas products and services require carbon intensive transport and freight which are also likely to drive global climate impacts.

The Act must acknowledge that Tasmania sits in a global ecosystem and must ensure that it supports both local and global climate resilience and emissions reductions.

Similarly, CCAA calls on the Tasmanian government to provide leadership in seeking alignment between all State and Federal Government approaches to climate change policy.

4. How might the Act drive further decarbonisation of the Tasmanian economy (e.g. via setting/legislating targets for sectors of the economy, potentially including interim targets)?

The Act must consider whole-of-life impacts to equitably determine where greenhouse gas emission reductions can be achieved without damaging the State's economy and society. While targets are politically attractive, they are often too simplistic and may drive perverse outcomes such as the offshoring of materials supply with higher embodied carbon from transport.

Targets also tend to overweight mitigations and emissions reduction over adaption and innovation strategies. All business sectors should be encouraged to invoke a full life cycle response to actual carbon reduction and Government should provide incentives to business to invest in new technologies to drive these reductions.

Targets must be set cognisant of all other jurisdictions to avoid Tasmania being out-of-step and potentially disadvantaged.

Most sectors have developed or are developing sector-based roadmaps that embrace the adoption of new technologies and innovation to drive decarbonisation. The Act should recognise these and support the acceleration of these via supportive policy and incentives.

5. If the Act were to espouse principles that would guide consideration of climate change by government, its agencies and business enterprises, what might they be?

Sustainable development in the context of a move towards a circular economy should form the basic principles around which the Act should guide consideration of climate change. While the original objective of the Act may be to seek reductions in greenhouse gas emissions, this is insufficient if it is to effectively address the more complex challenges of climate risk.

The Act would benefit from requiring government and its agencies to better understand and articulate the climate change risks and opportunities for Tasmania and develop measurable strategies for response in partnership with the community and industry. Incentives that then drive innovation and uptake of lower emissions products, more energy efficient buildings, recycling and re-use, waste to energy innovation etc. will then follow. The Act should acknowledge the benefits of competition and investment attraction to drive decarbonisation, mitigation and adaption.

The Act should also embrace inter and intra-generational equity principles that are underpinned by concept of equity within and between generations, with decisions to be based on the precautionary principle and best available science.

Global Climate Action & Tasmania

6. Within the context of global agreements to action to reduce greenhouse gas emissions, what do you consider to be the main roles of the Tasmanian government and how effective do you believe the government has been?

Tasmania has unique assets which can be better leveraged to lift our global standing in greenhouse gas emission reduction action and drive innovation. A predominantly renewable

energy supply provides opportunities for energy intensive businesses to flourish in Tasmania using local materials and a local workforce.

While Tasmania may have retained a net-zero-emissions position since 2015, this gives the state a unique advantage to look beyond just emissions to achieve a fully sustainable circular economy. This position of 'leadership' should not be viewed in a competitive sense but rather providing greater responsibility to support innovation and the transitioning of emissions intensive industries and transport in an economic a socially responsible way to benefit not just Tasmania. The Battery of the Nation is a case in point where the unique assets Tasmania holds may be leveraged to benefit other jurisdictions in achieving a NZE position earlier.

7. *What would Tasmania be like in 10 years' time if it was a national or international leader in climate change responses?*

The Act and the unique position Tasmania is now in should seek to further enhance the lives of Tasmanians and other jurisdictions by supporting the Tasmanian economy, environment and society. In 10 years, Tasmania would be an innovation hub providing innovative technologies, products and solutions to drive climate mitigation and adaption well beyond the island's shores.

Driving innovative climate change responses should not be detrimental to the Tasmanian people or the businesses in which they work and the products they rely on. Becoming a national and international leader in climate change response will come as a consequence of a close collaboration between government and business to understand the whole-of-life performance of products and services. Government climate change policy should enable business to reduce emissions while ensuring the economy remains prosperous for the Tasmanian community.

Emissions Targets

8. *What would you consider to be an appropriate long-term greenhouse gas emissions or emissions reduction target for Tasmania (in terms of date and level of emissions or emissions reduction)?*

Without understanding the whole of life mitigation and adaption capabilities of all industries and products, setting an arbitrary target may have unforeseen consequences that advantage some industries and products over others without necessarily reducing carbon emissions overall.

Target setting too far into the future often lacks urgency and relevance. The Act should focus on broader government policy and regulatory settings that incentivise product and supply chain innovation, reduce energy costs for low carbon renewables, support local supply chains where decarbonisation is evident on a whole-of-life basis, champion waste-to-energy and recycling etc. Sector based mitigation and abatement strategies backed by government regulatory settings and incentives are likely to be more effective than targets.

9. *What (if any) value do you think targets for specific sectors of the economy would offer, including for the sector itself? If you agree with the concept of sectoral emissions targets, which sectors should have emissions targets? Why?*

CCAA does not support sector-based targets as these can often distort the market. Every sector has a responsibility to contribute to mitigation and adaptation but not all are equal in their capacity to do so at specific points in time. Sector based strategies developed in partnership with government, industry and the community are more likely to deliver tangible climate benefits.

If arbitrary targets are set on specific industry sectors without incentives and assistance to achieve those targets, it is likely that industries will continue to operate unchanged and the target will be met with carbon offsets. The offsets may stimulate industries in other countries to generate temporary carbon credits, but the industry will not be encouraged to innovate to reduce emissions and the additional cost will be passed onto the consumer.

10. *What key factors should influence Government decisions to set State, sectoral and/or interim targets?*

Government should approach the decision to set sectorial and or interim targets with great caution. Tasmania is in a unique position to be able to drive innovative responses to climate change by establishing incentives that attract investment and innovation to decarbonise supply chains and champion these innovations elsewhere. Targets are too easily manipulated to misrepresent progress around climate action for those sectors more readily able to meet these targets at minimal cost at a particular point in time.

Most sectors have developed or are developing sector-based roadmaps that embrace the adoption of new technologies and innovation to drive decarbonisation. The Act should recognise these and support the acceleration of these via supportive policy and incentives.

Low Carbon & Economy & Society

11. *What do you consider to be the main risks and opportunities for Tasmania as it continues to transition towards a low/zero carbon economy and society? What risks and opportunities may arise if Tasmania transitions more slowly/more rapidly?*

Having achieved net-zero-emissions in 2015, Tasmania is uniquely positioned to be a global leader in climate change mitigation and abatement technologies and supply chains. With a largely renewable energy source, competitive energy prices can be used to attract investment into new products and technologies for export.

Tasmania offers the unique opportunity to trial new technologies at a small scale in a well understood and contained marketplace. With the right government incentives, Tasmania could be a trial site to prove up innovation and technologies at an affordable scale before risking full scale implementation nationally or globally.

Tasmania could be a global leader, not because an arbitrary target was set without fully understanding the consequences, but because industries are attracted to the state to trial and prove technologies at a small scale that are globally scalable.

If Tasmania is not cognisant of how other jurisdictions are approaching climate change, there is a risk that investment and innovation may find more attractive options elsewhere and the local employment and supply chains are lost for good to higher climate impact industries and products.

Having achieved NZE in 2015, there seems little need to simply use arbitrary targets to further drive down emissions. Tasmania must take a more nuanced approach to balancing economic, social and environmental issues while retaining NZE and showcasing innovation and technological advances to the rest of the world.

12. What do you consider to be the main roles for State government in supporting Tasmania's low/zero carbon transition?

The State government must provide timely evidence-based reporting on Tasmania's climate abatement and mitigation strategies and deliver targeted incentives for Tasmanian businesses to implement projects to reduce carbon emissions and for national and global companies to set up local trials to prove new technologies to reduce carbon emissions in their industry. Incentives could be by way of grants, access to public land, subsidised energy, specialist expertise and coordination, reduced regulatory burden etc.

The Act must be an enduring piece of legislation that ensures political interference with long term climate mitigation and abatement is avoided.

Climate Resilience & Adaptation

13. What do you consider to be the main roles for State government in supporting Tasmanian communities, infrastructure, economic activities and environments in becoming more resilient to projected climate change?

The state government should offer incentives to business to innovate, to adapt to, and build resilience against changes that are occurring now and are likely to arise because of ongoing climate change. Timely evidence-based reporting on progress across all sectors to drive tangible climate mitigation and abatement is vital to drive investment and innovation and harness competitive advantage.